A total approach to communications planning

Technologies Management, Inc.

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Federal Communications Commission
Office of the Secretary

VIA OVERNIGHT DELIVERY

July 1, 1992

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ORIGINAL FILE

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket 92-77, Billed Party Preference

Dear Secretary:

Enclosed are the original and five copies of the comments of Advance Payphone Systems, Inc. in CC Docket No. 92-77 regarding Billed Party Preference.

Questions regarding this filing may be directed to me at (407) 740-8575.

Yours truly,

Nanci Adler

Nanci Adler
Consultant to Advance Payphone Systems

cc: Steve Schude, APSI

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Federal Communications Commission
Office of the Secretary

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Billed Party Preference) CC Docket No. 92-77
for 0+ InterLATA Calls)

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COMMENTS OF ADVANCED PAYPHONE SYSTEMS, INC.
ON BILLED PARTY PREFERENCE

Advanced Payphone Systems, Inc. ("APSI") is a small private pay telephone operator located in Mesa, Arizona. APSI was founded in 1985 in response to opportunities created by the competitive pay telephone market. APSI meets the needs of consumers by providing access to telecommunications networks via pay telephones in public places where such access may not otherwise be available. APSI, other independent pay telephone providers, the competitive pay telephone market, and ultimately, consumers will be negatively impacted by implementation of Billed Party Preference.

Implementation of Billed Party Preference will harm the competitive pay telephone market and consumers by severely hindering competition and the innovation that ensues from competition. Private pay telephone operators rely on payments from carriers as a substantial revenue source. These payments compensate pay telephone operators for use of the payphone equipment which provides access to the carrier's network. The FCC recognized that payphone equipment provides a valuable service as an avenue for access to telecommunications networks in Docket 91-35 by establishing a payphone compensation rate for dial-around traffic. Implementation of Billed Party Preference will completely eliminate compensation from carriers to pay telephone providers.

Elimination of compensation from carriers would abolish a substantial source of revenue for payphone providers and would drive private pay telephone providers out of business. Market competition would be severely impeded as only a few providers would remain in service. In all likelihood, those remaining will be pay phone providers owned by a carrier, for whom the provision of network access equipment provides a direct benefit.

In the Notice of Proposed Rulemaking released on May 8, 1992 in this docket, the FCC suggests that a regulated compensation method could displace the current method of payphone compensation through market-based carrier commission payments. Elimination of market-based compensation in favor of regulated compensation will destroy the competitive, consumer-oriented nature of the pay telephone market. A regulated compensation payment to all pay telephone providers eliminates any incentive to provide innovative services or to even ensure proper maintenance of workable equipment. In today's environment, consumers choose to use pay telephones that work well, are convenient to use, and that provide high quality service. In return for providing good service, pay telephone operators are rewarded with increased usage of their telephones and increased commissions paid by the carrier serving the telephone. If such incentives are removed by a regulated compensation program, consumers will be denied the benefits of innovation and quality service that competition creates.

A basic goal of Bill Party Preference is that of ensuring consumer choice. The Commission has already met this goal by mandating unblocking of all public phones and requiring carriers to offer either 950-XXXX or 800 access methods. Existing Commission rules provide the foundation for effective competition and consumer choice through: 1) provision of information to consumers through posting of notice and providing rate quotes upon request; and 2) allowing consumers to choose a carrier through access code dialing. To require the implementation of a costly, inefficient and technically difficult system such as Billed Party Preference is to impose a burden on carriers and consumers for which no additional benefits will be realized. In fact, imposition of Billed Party Preference will have a substantial negative impact on the competitive pay telephone market that will ultimately decrease the choices available to consumers.

Finally, in Judge Greene's October 14, 1988 order in Civil Action 82-0192 requiring equal access presubscription of LEC public phones, Billed Party Preference is discussed only in reference to local exchange company public pay telephones. According to Greene's order, Billed Party Preference "would eliminate any threat of discrimination by the Regional (Bell Holding) Companies." Judge Greene's order calls for the ability of the "billed party" to select the carrier. Thus a distinction must be made between LEC Public Payphones and private payphones since private payphones are actually the "billed party" for LEC services. It is undesirable and inappropriate for this Commission to extend Judge Greene's plan of Billed Party Preference for LEC Public Phones Billed Party Preference to the private sector of the industry.

CONCLUSION

The Commission should find that Billed Party Preference will hinder competition, reduce the number of choices available to consumers, impede innovation, is not in the public interest and should not be implemented.

Respectfully submitted,

By: ____________________

Steve Schude
President
Advanced Payphone Systems, Inc.
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Mesa, Arizona 85210

Dated July 1, 1992